

**Manchester City Council
Report for Information**

Report To: Licensing Committee – 26 March 2018

Subject: Review of the Scrap Metal Dealers Act 2013

Report of: Head of Planning, Building Control and Licensing

Summary

The report provides the Licensing Committee with a brief overview of the Review of the Scrap Metal Dealers Act 2013 published by the Home Office to assess the objective the Act was intended to achieve.

Recommendations

That Members note the report.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable City: supporting a diverse and distinctive economy that creates jobs and opportunities	Licensed Scrap Metal Dealers provide a key role as a community workforce, regulating single collectors to large scale sites provides a platform of equal and high standards. The efficient processing of applications as well as effective decision making in respect of them, plays an essential role in enabling businesses to thrive and maximise contribution to the economy of the region and sub-region.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit and work.	An effective licensing system supports and enables growth and employment in our city with neighbourhoods that provide amenities suitable to the surrounding communities.

A connected city: world class infrastructure and connectivity to drive growth	
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Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

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Background documents (available for public inspection):

Copies of these documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Review of the Scrap Metal Dealers Act 2013: Secretary of State, Home Office, 11th December 2017
- Scrap Metal Act 2013: Home Office, 28th February 2013
- The Home Office publication: An evaluation of government/law enforcement interventions aimed at reducing metal theft: Home Office, 28th January 2015

1.0 Introduction

- 1.1 The report provides the Licensing Committee with a brief overview of the Review of the Scrap Metal Dealers Act 2013 published by the Home Office to assess the extent of the objective the Act was intended to achieve.

2.0 Introduction and background to the review

- 2.1 On 11 December 2017, the Secretary of State published a report of the conclusions of the review of the Scrap Metal Dealers Act 2013.
- 2.2 The Scrap Metal Dealers Act 2013 came into force on 1st October 2013 to reverse the upward trend in metal theft through stricter regulation of the metal recycling sector to make it more difficult to dispose of stolen metal.
- 2.3 Prior to the Act, it was reported that metal theft offences were increasing, driven by the rising cost of metals on the world commodity market. The cost of these offences to the UK was estimated to be at least £220 million per annum, and the crimes posed a threat to the security of the national infrastructure and affected a range of sectors including power, transport and telecommunications.
- 2.4 Section 18 of the Scrap Metal Dealers Act 2013 requires the Secretary of State to conduct a review of the Act within 5 years of it coming into force (30th September 2018).
- 2.5 In general, the review sought to establish if the sole objective of the Act was achieved and to decide if the Act should be retained, repealed or if any changes to it were required.

3.0 The Home Office Review Criteria

- 3.1 In assessing whether the legislation has achieved its objective, the Home Office reviewed the available evidence on trends in metal theft and asked interested parties for their views.

Trends Evidence / Information

- 3.2 In January 2015, the Home Office published: *An evaluation of government/law enforcement interventions aimed at reducing metal theft*. This paper noted that metal theft offences had increased between 2009 and 2011, very much in line with rises in global metal prices, and then fell during 2012 and 2013. During this period, a package of interventions targeting metal theft was introduced
- Operation Tornado, first piloted in January 2012 and then rolled out on a phased basis across England and Wales by September 2012. This required scrap metal dealers to request identification documentation for every cash sale and retain copies for 12 months;

- cashless trading from December 2012, which stopped scrap metal yards from accepting cash payments; and
- the Scrap Metal Dealers Act 2013, which was commenced on 1 October 2013

3.3 The Home Office evaluation found that this package of interventions drove a reduction in offences over and above the effect of a fall in metal prices and other factors driving trends in acquisitive crime. There were 12,970 metal theft offences recorded by police forces in England and Wales in the year ending March 2017, which is a reduction of 22 per cent compared with the same forces for the previous year. The number of offences has reduced by 79 per cent since 2012/13.

Greater Manchester Police have provided the number of offences for metal theft since 2012, which shows a clear reduction since the Scrap Metal Act was introduced:

	2012	2013	2014	2015	2016	2017	2018 so far	Grand Total
A - NORTH MANCHESTER	160	55	61	30	20	6	4	336
E - SOUTH MANCHESTER	148	33	47	13	14	13	3	271
F - SALFORD	203	48	28	18	10	9	4	320
G - TAMESIDE	109	38	58	52	13	20	16	306
I - AIRPORT	1			1				2
J - STOCKPORT	125	38	50	22	9	9	7	260
K - BOLTON	257	49	39	32	19	34	31	461
L - WIGAN	260	124	92	55	20	15	18	584
M - TRAFFORD	90	21	19	30	12	9	3	184
N - BURY	85	23	26	26	8	6	4	178
P - ROCHDALE	249	69	66	78	11	14	16	503
Q - OLDHAM	143	75	52	43	14	42	18	387
Grand Total	1830	573	538	400	150	177	124	3792

Views from Interested Parties

3.4 In December 2016, the Home Office wrote to 'interested parties' such as local authorities, police forces and trade bodies to advise them of the review and to ask questions about the impact of the Scrap Metal Dealers Act 2013.

- whether it is appropriate to retain or repeal the Act or any of its provisions.
- whether the Act has been successful in providing a robust, modern, and comprehensive regulatory regime for the metal recycling sector in order to tackle the trade in stolen metal;
- whether the requirements relating to licences and the national registers set out in the Act have helped to achieve the Act's objectives; and

- the extent to which other requirement in the Act - to verify the identity of those from whom scrap metal dealers receive scrap metal; the requirement that dealers must maintain appropriate records of all transactions; and the prohibition on dealers paying for scrap metal by cash - have helped to achieve the Act's objective.

3.5 Key themes that came out from the consultation were:

- 3.5.1 The large majority of those who responded said that the Act should be retained. Only three respondents said that the Act should be repealed.
- 3.5.2 Neither the Act nor the effect of falling metal prices had eradicated metal theft altogether.
- 3.5.3 The need for the legislation to be accompanied by more effective and consistent enforcement.
- 3.5.4 Concern that collectors' licences were restricted to single local authority areas and did not allow collectors to operate in other local authority areas. This created significant financial burdens for collectors who operated across local authority boundaries. It was suggested that some form of multi-authority or national licence would resolve these issues.
- 3.5.5 Insufficient attention was given to the needs of those with literacy or language issues within the application process
- 3.5.6 Concerns were also raised about whether the police have sufficient powers to inspect vehicles or check their contents, as opposed to checking licences and other ID.
- 3.5.7 There were wide variations in the levels of fees charged by different local authorities, with those charging higher fees more likely to be able to fully assess the suitability of applicants than those charging lower fees. It was also said that it often took too long for applications to be decided.
- 3.5.8 Suggestions that scrap metal dealer licences be aligned with other licencing regimes administered by local authorities and designated as a non-executive function, so that it can be dealt with by regulatory committees.
- 3.5.9 Suggestions for a national licensing scheme, which would overcome current deficiencies with the national registers and would remove the need for mobile collectors to hold multiple licences or whether it made sense for the Environment Agency in England and the Natural Resources Body for Wales to issue licences, as the holders of the national registers, rather than separate local authorities

- 3.5.10 Concerns that a number of sites continued to make cash payments in direct contravention of the Act, and that the number of such sites was increasing and that some sites provide pre-paid cash cards or cheque-cashing facilities, so that once a payment has been made by cheque it can quickly be converted into cash.
- 3.5.11 Concerns that some individuals or groups who did not have access to bank accounts were disadvantaged by the prohibition on cash transactions.
- 3.5.12 Existing requirements to verify the seller's identity and address and to keep copies of documents for three years was too onerous, particularly for mobile collectors. Some suggested that the public were sometimes reluctant to provide such information to scrap metal dealers.

4.0 Conclusion of the Review

- 4.1 The Home Office is satisfied that the Scrap Metal Dealers Act 2013 provides, in its opinion, a strong legislative foundation for addressing metal theft by removing the opportunities for criminals to dispose of stolen metal through scrap metal sites.
- 4.2 In response to the issues raised by the consultation, the Home Office has advised it will give further consideration to the case for strengthening the legislation in the future, in consultation with the industry, the police, interested parties, building on the representations received in response to the review.
- 4.3 As many of the issues raised were about practices and local processes, rather than the efficacy of the legislation itself, the Home Office is considering how best to take forward these issues to encourage best practice.

5.0 Contributing to the Community Strategy

5.1 A thriving and sustainable City: supporting a diverse and distinctive economy that creates jobs and opportunities

- 5.1.1 Licensed Scrap Metal Dealers provide a key role as a community workforce, regulating single collectors to large scale sites provides a platform of equal and high standards. The efficient processing of applications as well as effective decision making in respect of them, plays an essential role in enabling businesses to thrive and maximise contribution to the economy of the region and sub-region.

5.2 A highly skilled city: world class and home grown talent sustaining the city's economic success

5.3 A progressive and equitable city: making a positive contribution by unlocking the potential of our communities

- 5.3.1 An effective licensing regime ensures high welfare standards for animals providing assurance to our communities.

5.4 A liveable and low carbon city: a destination of choice to live, visit and work.

- 5.4.1 An effective licensing system supports and enables growth and employment in our city with neighbourhoods that provide amenities suitable to the surrounding communities.

5.5 A connected city: world class infrastructure and connectivity to drive growth

6.0 Key Policies and Considerations

- 6.1 None

7.0 Conclusion

- 7.1 The Home Office is satisfied that the Scrap Metal Dealers Act 2013 provides a strong legislative foundation for addressing metal theft by removing the opportunities for criminals to dispose of stolen metal through scrap metal sites.
- 7.2 The overwhelming view of those who responded was that the Scrap Metal Dealers Act should continue in force recognising its improvement of the regulation of the scrap metal industry, which had helped to achieve reductions in the level of metal theft.
- 7.3 However, the Home Office does recognise the broad range of concerns raised through the review and has stated that it intends to continue working with partners to identify what more can be done to prevent metal theft and related crimes, through the establishment of good practice, enforcement and, if required, further legislation.
- 7.4 The Committee is asked to note the report.